YUKON LOTTERY COMMISSION

ANNUAL REPORT 2007-2008

WINNING IN OUR COMMUNITIES

LOTTERIES YUKON

Yukon Lottery Commission
Annual Report for the year ended
March 31, 2008

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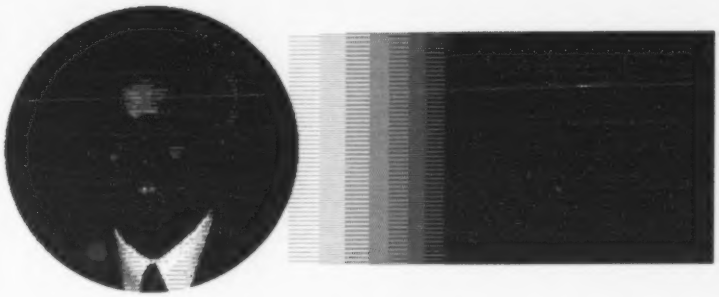


The Honourable Brad Cathers
Minister Responsible for Yukon Lottery Commission
Government of Yukon

December, 2008

Dear Honourable Minister Cathers,

I have the honour to present you with the Annual Report of the Yukon Lottery Commission for the fiscal year ended March 31, 2008.

Respectfully submitted,

Melanie Graham

Melanie Graham
Chairperson
Yukon Lottery Commission

A MESSAGE FROM THE YUKON LOTTERY COMMISSION

Photo *(left to right)* Jenny Skelton, Renee Mayes, Bernard Menelon, Barbara Fred, Melanie Graham, Charlene Beauchemin
Missing: Norma Davignon, Barbara Chamberlin *(photo taken in Watson Lake)*

Chair	Melanie Graham *Whitehorse*	**Directors**	Norma Davignon *Whitehorse*	Barbara Fred *Whitehorse*
Vice-Chair	Bernard Menelon *Mayo*		Renee Mayes *Dawson City*	Barbara Chamberlin *Whitehorse*
Manager	Carol Arntzen-Darkes		Jenny Skelton *Watson Lake*	Charlene Beauchemin *Whitehorse*

The Yukon Lottery Commission is responsible for the conduct and management of public lotteries in the Yukon as well as the distribution of revenues by authority of the Public Lotteries Act and Regulations. Government of Yukon appoints up to twelve members to the commission for two-year terms. Great care is taken in balancing the representation of the commission members as this is important to objective decision making.

The Yukon Lottery Commission believes that governing framework is important to long-term success. To this end, the Commission has requested that Yukon Government review and update the Public Lotteries Act to ensure that corporate policies, procedures and goals reflect the authority vested through the Public Lotteries Act and Regulations as well as the agreement with Western Canada Lottery Corporation for the conduct and management of public lotteries in Yukon. An audit of the Yukon Lottery Commission was undertaken in 2007-08 by Yukon Government and recommendations for improved governance are expected to be received in the coming year.

The Commission strives to schedule one meeting of four per year in a rural community. A tour of communities was initiated in 2006 to gather input into the process of review of revenue allocation deemed important to the Commission for program planning. To date, meetings have been held in Tagish, Carmacks, Haines Junction, Dawson City and Watson Lake with no major issues identified. Community meetings will continue in the coming year as will the ongoing review of all programs of the Commission.

The Mission and Values of the Yukon Lottery Commission were reviewed and amended as follows in 2007-08:

Mission:

- That public lotteries in Yukon are appropriately regulated and conducted
- That the benefit from lotteries is invested in sport, arts, and recreation opportunities in Yukon communities

Values:

- To provide Yukon public with a high standard of services and integrity in all aspects of public lotteries
- To foster an environment of mutual respect and understanding
- To encourage the ongoing growth and development of Yukoners through support of sport, arts and recreation opportunities
- Support growth and development of staff that serve the commission and the public

The Yukon Lottery Commission distributed over 1.7 million dollars of lottery revenues in 2007-08:

- $386,053 was distributed to municipalities and recognized local authorities through annual grants, calculated using a base rate plus per capita formula. Accountability is required in order to receive funds that are in turn distributed to support recreation projects within the community.
- $524,853 was approved for eligible applicants to support a variety of recreation projects. Eligible groups may apply for funds through a bi-annual application process for special events, projects and for equipment costs.
- $257,149 was approved to assist 1312 Yukoners with travel costs to participate in tournaments or adjudicated events. Eligible groups may apply for assistance with travel costs both within Yukon/Alaska and outside of the Yukon through an ongoing application process. The Commission increased the number of in-Yukon trips eligible in a fiscal year from one to two, one of which may be to Alaska.
- $652,037represents 48% of net revenue available to the Government of Yukon. An agreement in effect until March 31, 2009 provides supplement funding for eligible territorial Arts, Sport and Special Recreation groups administered by the Sport and Recreation Unit of Community Services and by the Arts Unit of Tourism. Distribution of funds is determined by advisory committees established to make recommendations on funding levels for eligible territorial groups. Juries of peers make recommendations for lottery-funded programs for elite/advanced athletes and coaches in sport and for advanced artists in arts, for final approval by the Minister responsible.

Please read the information that follows for details of revenues earned by the Commission and allocation of the revenue that assists Yukoners in participation of diverse leisure and competitive activities.

Melanie Graham, Chair

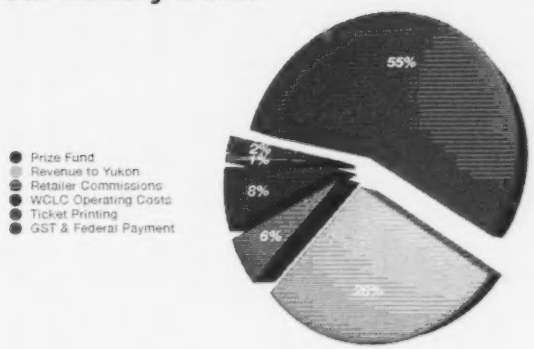
Bernard Menelon, Vice-Chair

Operational Report

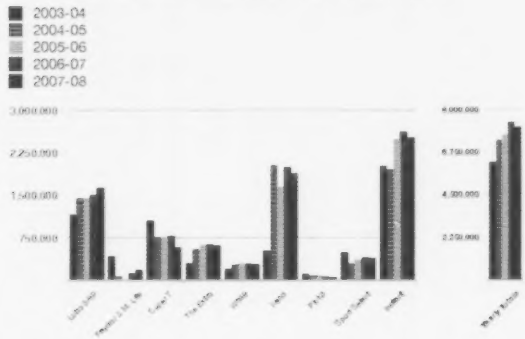
Yukoners continued to enjoy playing the lottery games offered through affiliation with the Western Canada Lottery Corporation (WCLC) and the Interprovincial Lottery Corporation (ILC); including national on-line games Lotto 6/49 and Super 7; regional Pick 3, Extra, Sport Select and Keno games, and the newly introduced Millionaire for Life. Instant scratch 'n win tickets were the number one choice of Yukon lottery players, with on-line Keno and Lotto 6/49 as the next most popular games. In total, Yukoners lottery ticket purchases totaled $8,051,549.

There were 34 licensed retail locations throughout the Yukon, 17 in Whitehorse and 17 in rural communities, providing direct or indirect employment for Yukoners and earning commission revenues for retail representing 6.5% of lottery ticket sales. Working closely with the Western Canada Lottery Corporation, the Lotteries Yukon staff provides service and support to the Yukon business community by providing staff training, product development, technical trouble shooting, marketing and promotional materials and supplies. Weekly ticket orders are placed by retailers for delivery by the sales representative or courier. Lotteries Yukon staff also participates in budgeting and planning meetings of the Western Canada Lottery Corporation held quarterly, and contribute to the monthly publication of Northern Luck with stories of northern winners and beneficiaries.

Your Lottery Dollar

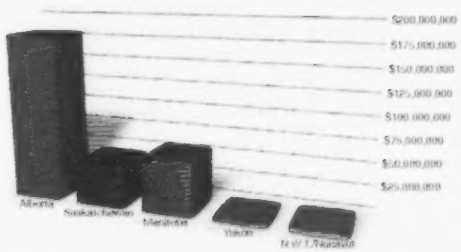


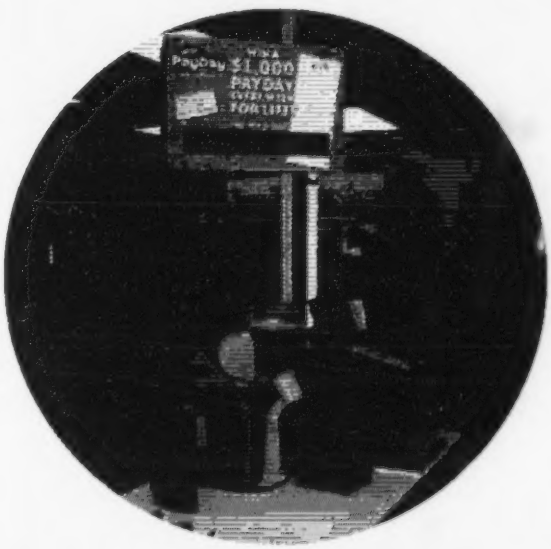
Comparative Sales by Games



WCLC Lottery Dollar Disbursement

2007-08





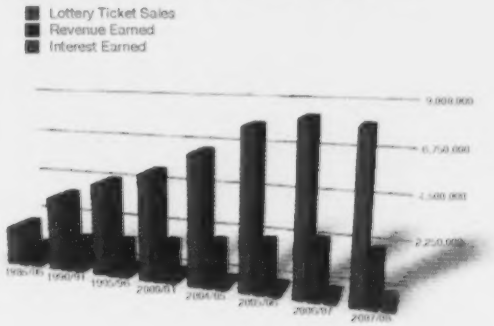
The lottery industry requires the services of technicians, shipping and freight companies, electricians, airlines and other businesses, all integral economic factors within the Yukon. Contributing significantly to the local business sector as well are the hundreds of projects supported from the revenues distributed by the Yukon Lottery Commission.

The public is served from the offices of Lotteries Yukon, with the most up-to-date information on funding programs and lottery games, and for rewarding of prizes to our lucky Yukon winners. The staff that administers the lottery network also serves the Yukon Lottery Commission by administering policy and funding decisions, by preparing monthly finance/variance reports, budget information, statistical information and information required by the Commission for quarterly business and funding adjudication meetings. Staff spent a great deal of time in consultation with auditors for both Western Canada Lottery Corporation and Yukon Government throughout the year.

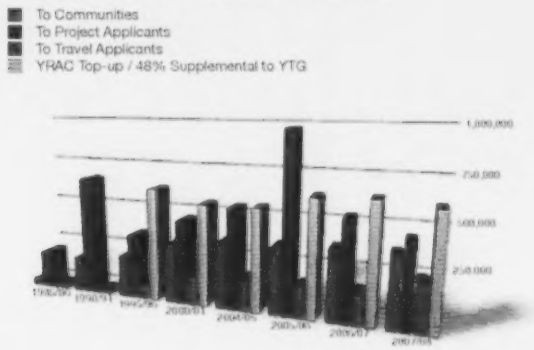
We concluded the year with nearly all preparatory work in place for the installation of the new 'Altura' lottery terminals and customer display units. All measures recommended by the audit of Western Canada Lottery Corporation to limit retailer fraud were implemented. We look forward to the coming year to ensure that priority is given to the retailers who earn the revenues, and to provide the best possible service to the Yukon Lottery Commission, to the public, and to the volunteers who are supported by the lottery revenues.

Carol Arntzen-Darkes
General Manager

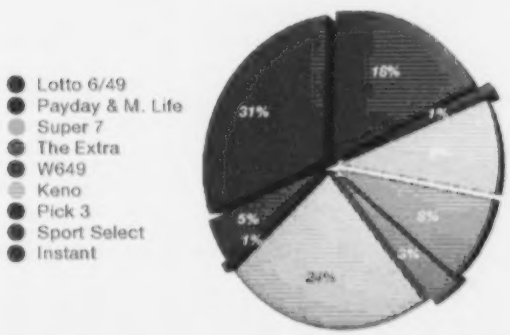
Sales / Revenue Comparisons



Allocation of Net Revenues



Lottery Games 2007-08



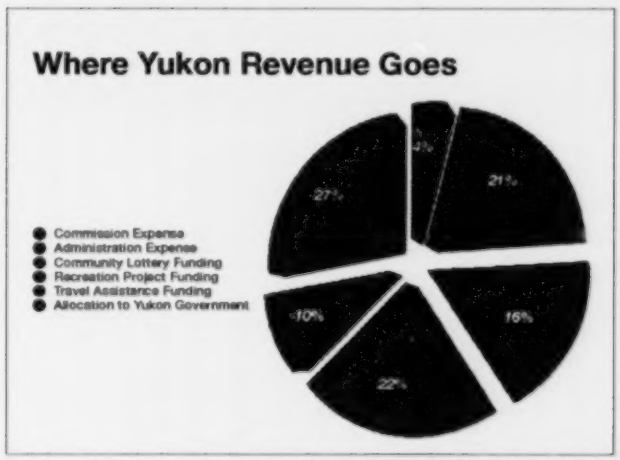
WHERE THE YUKON REVENUE GOES

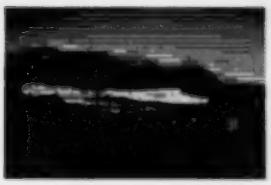
The Public Lotteries Act establishes a Yukon Lottery Commission Trust Fund into which all monies received in respect to the conduct and management of public lotteries are deposited. The Act and Regulations further establish the type and nature of expenses that may be paid from the trust fund, and authorizes the Commission to determine the formula or amount to be allocated to beneficiaries.

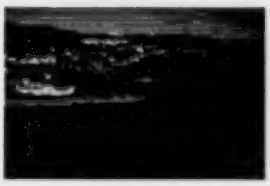
Community Lottery Funding

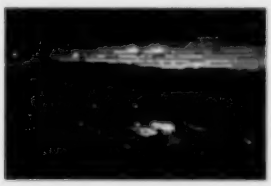
Funding is allocated to each municipality and community recognized as a local authority for recreation by Yukon Government. Funding is calculated using a base rate plus per capita formula determined by the Yukon Lottery Commission. In turn, the municipality or community local authority makes funding available for community projects. Details on pages 11 through 14. Communities and Municipalities include:

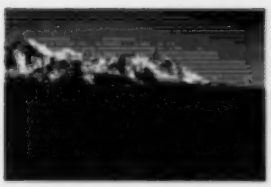
Beaver Creek Community Club
Vuntut Gwitchin First Nation
Carcross Recreation Committee
Selkirk First Nation
City of Whitehorse
Keno City Community Club
Town of Watson Lake
Kluane Lake Athletic Association
Village of Teslin
Kluane First Nation
Village of Mayo
Liard First Nation
Village of Haines Junction
Lorne Mtn. Community Association
Town of Dawson City
Village of Carmacks
Ross River Recreation Association
Tagish Community Association
Marsh Lake Community Association
Town of Faro

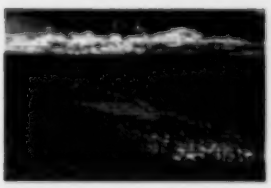






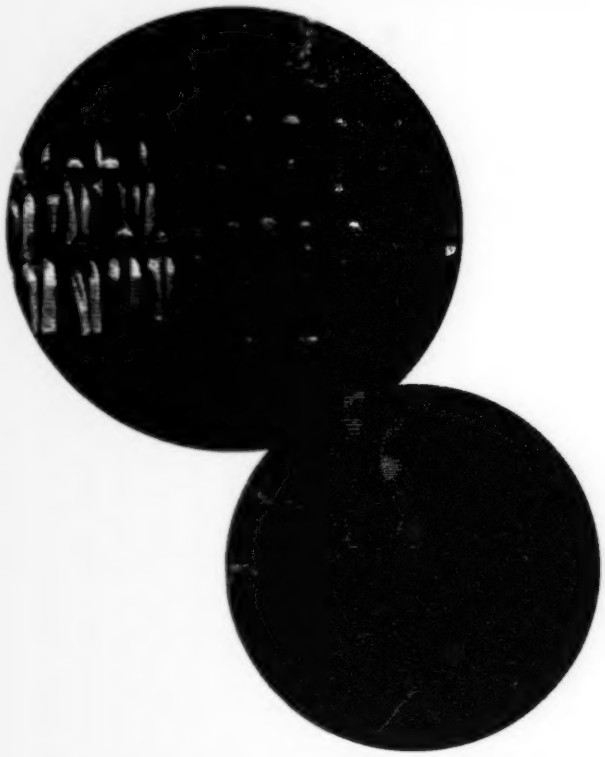






RECREATION PROJECT FUNDING

Eligible applicants access project funding through an application process available twice a year. The key criteria for the distribution by grants are volunteerism, community participation, non-profit registered status and financial need. Please see pages 11 through 14 for detailed listing of approved funding.



TRAVEL ASSISTANCE FUNDING

Eligible applicants, including registered non-profit groups and extra-curricular high school groups, may access limited funding assistance for participation in competitions or adjudicated events within Yukon and Alaska or out of the Yukon. With ongoing intake, this program is highly accessed by groups who articulate that funding assistance has made travel a possibility and that the increased participation and exposure assists in the development of amateur recreation at all levels. 73 applications were approved in 2007-08, assisting 1312 individuals to participate in positive activities that encourage active living. Please see pages 11 to 14 for a list of recipients identified with (T).

ARTS GROUPS

Lottery revenues supplement Government of Yukon funding for development of the arts as authorized in the Arts Act. 18 Eligible Arts groups receive funds to administer their programs and activities based on criteria established by the Yukon Arts Advisory Council. The Council reviews applications, with recommendations forwarded to the Minister for final approval. The Arts Branch provides administration and accountability for the lottery contribution. Groups funded:

Dawson City Music Festival
Jazz Society of Yukon
Alsek Music Festival
Ted Harrison Artist Retreat
Whitehorse Community Choir
Whitehorse Concerts
Guild Society
Yukon Art Society
Northern Fibres Guild
Yukon Storytelling Festival
Northern Lights School of Dance
Society of Yukon Artists of Native Ancestry
Nakai Theatre
Frostbite Music Society
Longest Night Society
Yukon Film Society
Society for Education/Culture
Extremely Moving Youth Society

ADVANCED ARTISTS

The purpose of the Advanced Artist Awards program is to assist advanced visual, literary and performing artists practicing at a senior level with innovative projects, travel or educational pursuits that contribute to their personal artistic development and to their community. Applications are reviewed by a jury of peers, with the lottery-funded program administered by the Arts Branch.

SPORT AND RECREATION GROUPS

Lottery revenue is provided to supplement Government of Yukon core funding authorized in the Recreation Act for Sport and Special Recreation Groups. Level of funding is based on criteria established by the appointed members of the Sport and Recreation Committee. The Sport & Recreation Branch provides administration and accountability of the lottery contribution to 25 eligible Sport Governing Bodies and 8 eligible Territorial Recreation organizations:

Sports Groups
Alpine Ski
Yukon Freestyle Ski Association
Arctic Edge Skating
Yukon Amateur Hockey Association
Athletics Yukon
Yukon Amateur Speed Skating Assoc.
Basketball Yukon
Yukon Badminton Association
Biathlon Yukon
Yukon Curling Association
Cross Country Yukon
Yukon Cycling Association
Judo Yukon
Yukon Golf Association
Softball Yukon
Yukon Gymnastics Association
Squash Yukon
Yukon Orienteering Association
Swim Yukon
Yukon Shooting Federation
Synchro Yukon Association
Yukon Soccer Association
Snowboard Yukon Association
Volleyball Yukon
Table Tennis Yukon

Recreation Groups
Girl Guides of Canada-Yukon Chapter
Elder Active Recreation Association
Recreation & Parks Assoc. of Yukon
Skookum Jim Friendship Centre
Yukon Special Olympics
Yukon Scouts Council
Yukon Aboriginal Sport Development
Yukon STARS

Sport Yukon
Sport Yukon is the umbrella organization for amateur sport development in the Yukon. Core funding by the Yukon Lottery Commission enables Sport Yukon to provide services to its 75 – 100 members, to organize programs and events and to administer the participation of Yukon athletes in various games throughout Canada.

ELITE ATHLETES & HIGH PERFORMANCE COACHES

Lottery funding of the Elite Athlete and High Performance Coaches programs has been ongoing since inception in the 1980's. Adjudication of applications is provided through a peer process with administration provided by the Sport & Recreation Branch who works closely with the Sport Governing Bodies to identify potential coaches who would benefit from training, and athletes who may be recognized for funding to assist in covering costs to pursue excellence. The Sport & Recreation Branch provides accountability to the Yukon Lottery Commission.

COMMUNITY	ORGANIZATION	AMOUNT
BEAVER CREEK	Community Lottery Fund	9,248.00
		9,248.00
BURWASH LANDING	Community Lottery Fund	9,104.00
		9,104.00
CARCROSS	Community Lottery Fund	13,076.00
	Carcross Rod & Gun Club	5,625.00
		18,701.00
CARMACKS	Community Lottery Fund	13,328.00
	Carmacks Library Association.	8,000.00
		21,328.00
DAWSON CITY	Community Lottery Fund	30,548.00
	Dawson City Community Radio Assoc.	8,320.00
	Dawson City Music Festival	4,068.00
	Dawson City Oldtimers Hockey (T)	3,200.00
	Robert Service School (T)	4,712.88
		50,848.88
DESTRUCTION BAY	Community Lottery Fund	8,660.00
		8,660.00
FARO	Community Lottery Fund	12,464.00
	Del Van Gorder School (T)	1,103.64
	Faro Arts & Recreation Association	12,970.00
		26,537.64
HAINES JUNCTION	Community Lottery Fund	17,744.00
	Haines Junction Minor Hockey (T).	5,352.16
	Yukon Bluegrass Music Festival	8,000.00
		43,727.60
KENO	Community Lottery Fund	8,240.00
		8,240.00
LORNE MOUNTAIN	Community Lottery Fund	12,440.00
		12,440.00
MARSH LAKE	Community Lottery Fund	12,980.00
		12,980.00
MAYO	Community Lottery Fund	13,076.00
	JV Clark School (T).	505.44
	Mayo Community Club.	2,492.00
		16,073.44

NOTE: (T) signifies travel funds

COMMUNITY	ORGANIZATION	AMOUNT
OLD CROW	Community Lottery Fund	11,372.00
		11,372.00
PELLY CROSSING	Community Lottery Fund	11,528.00
		11,528.00
ROSS RIVER	Community Lottery Fund	12,188.00
		12,188.00
TAGISH	Community Lottery Fund	10,496.00
		10,496.00
TESLIN	Community Lottery Fund	13,112.00
	Teslin Museum & Historical Society	2,300.00
		15,412.00
UPPER LIARD	Community Lottery Fund	9,212.00
		9,212.00
WATSON LAKE	Community Lottery Fund	27,152.00
	Gentle Steps Therapeutic Riding Assoc.	4,300.00
	Watson Lake Ski Club	11,500.00
	Watson Lake Rodeo Association	70,000.00
	Watson Lake Silvertip Hockey (T)	2,993.36
		115,945.36
WHITEHORSE	Community Lottery Fund	130,084.75
	Aikido Yukon	6,550.00
	All City Concert Band Society (T)	19,800.00
	Blue Feather Music Society	4,650.00
	Canadian Ski Patrol - Yukon Zone (T)	800.00
	Golden Age Society	4,260.00
	Klondike Highland Dance (T)	1,000.00
	Lyrical Hounds Northern Canine Theatre	6,000.00
	Polarettes & Polar Tumbler Gymnastics Club (T)	3,200.00
	Porter Creek Secondary School (T)	3,228.00
	Second Opinion Society	1,325.00
	Takhini Heartbeaters Skipping Team (T)	2,200.00
	Whitehorse Cross Country Ski Club	12,750.00
	Whitehorse Cross Country Ski Club (T)	3,260.40
	Whitehorse Curling Club	14,333.00
	Whitehorse Curling Club (T)	3,952.09
	Whitehorse Glacier Bears Swim Club (T)	6,205.36
	Whitehorse Minor Hockey (T)	18,116.40
	Whitehorse Rapids Speed Skating Club (T)	3,400.00
	Whitehorse Youth Bowling (T)	1,200.00
	Yukon Canoe & Kayak Club	5,724.00
	Yukon Dance Festival Society (T)	400.00
	Yukon Horse & Rider Association	2,000.00

NOTE: (T) signifies travel funds

COMMUNITY	ORGANIZATION	AMOUNT
WHITEHORSE (continued)	Yukon Kennel Club	5,495.00
	Yukon Sourdough Rendezvous	2,400.00
		262,333.00
YUKON	Alpine Ski Association	400.00
	Annie Lake Golf & Country Club	37,640.00
	Annie Lake Golf & Country Club (T)	1,400.00
	Arctic Edge Skating Club	5,500.00
	Arctic Edge Skating Club (T)	6,200.00
	Athletics Yukon (T)	8,000.00
	Basketball Yukon (T)	5,102.08
	Biathlon Yukon (T)	1,600.00
	Cross Country Yukon	3,330.00
	Extremely Moving Youth Society	3,975.00
	Frostbite Music Society	7,565.00
	Learning Disabilities Association of Yukon	6,750.00
	Nakai Theatre	9,500.00
	Northern Lights School of Dance	4,550.00
	Northern Lights School of Dance (T)	3,500.00
	Softball Yukon	116,000.00
	Softball Yukon (T)	8,600.00
	Sport Yukon - Western Canada Games (T)	65,000.00
	Squash Yukon (T)	2,600.00
	Synchro Yukon (T)	1,800.00
	Table Tennis Yukon (T)	3,928.80
	Teegatha Oh Zheh	2,000.00
	Volleyball Yukon (T)	10,500.00
	Yukon Amateur Hockey Association (T)	11,920.16
	Yukon Art Society	8,593.00
	Yukon Association for Community Living	2,000.00
	Yukon Badminton Association (T)	2,181.36
	Yukon Curling Association	12,000.00
	Yukon Curling Association (T)	2,454.60
	Yukon Fish & Game Association	2,000.00
	Yukon Music Camp Society	10,000.00
	Yukon Soccer Association (T)	38,741.24
		401,831.24
CANADA WINTER GAMES	Canada Winter Games Host Society	74,734.34
		74,734.34
	TOTAL CONTRIBUTIONS TO COMMUNITIES/APPLICANTS	**$ 1,150,309.06**
	SPONSORSHIP PROGRAM – TOP UP	$ 21,000.00
	TOTAL Y.L.C. ADMINISTERED CONTRIBUTIONS	**$ 1,171,309.06**

NOTE: (T) signifies travel funds

GOVERNMENT OF YUKON ADMINISTERED FUNDING

ARTS BRANCH	Advanced Artist	80,433.00
	Yukon Arts Advisory Committee	159,567.00
	TOTAL ARTS BRANCH	**240,000.00**
SPORT AND RECREATION BRANCH	Elite Athlete/High Performance Official	44,000.00
	Sport Yukon	130,000.00
	Yukon Sport & Recreation Advisory Committee	230,130.00
	TOTAL SPORT & RECREATION BRANCH	**404,130.00**
	TOTAL FUNDS RELEASED FOR GOVERNMENT OF YUKON – Y.R.A.C. – TOP-UP	**$ 644,130.00**
	TOTAL FUNDING APPROVED / RELEASED	**$ 1,815,439.06**
	UNCLAIMED CONTRIBUTIONS	**($ 115,934.47)**
	TOTAL CONTRIBUTIONS / FUNDS RELEASED 2007 / 2008	**$ 1,699,504.59**

NOTE: (T) signifies travel funds

LOTTERIES YUKON

FINANCIAL STATEMENTS

CHARTERED ACCOUNTANTS

mackay.ca

MacKay LLP

Auditors' Report

To the Members of the Yukon Lottery Commission

We have audited the balance sheet of Yukon Lottery Commission as at March 31, 2008 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the Yukon Lottery Commission as at March 31, 2008, and the result of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Whitehorse, Yukon

June 12, 2008

MacKay LLP

Chartered Accountants

mackay.ca refers to the Canadian firm MacKay LLP

Yukon Lottery Commission

Statement of Revenue and Expenditures

For the year ended March 31,	2008	2007
Revenue		
Commissions - Western Canada Lottery Corporation	$ 2,267,658	$ 2,410,065
Break-open tickets (schedule 1)	81,418	111,858
Interest	87,751	77,086
Terminals	8,230	9,540
Finance Charges	-	1,786
	2,445,057	2,610,335
Administration Expenses		
Advertising and promotion	10,035	8,443
Amortization	3,400	4,842
Computer supplies and support	125	124
Community tour	-	117
First Ministers conference	-	9,144
Insurance	1,543	1,540
Leased equipment	3,926	3,892
Miscellaneous	740	352
Office supplies	14,517	14,082
Postage and freight	7,177	8,399
Professional fees	8,736	9,853
Rent	41,893	38,405
Retail	5,165	6,385
Telephone	8,027	8,320
Travel and training	4,699	6,360
Wages and benefits	357,846	347,844
	467,829	468,102
Commission Meeting and Program Expenses		
Directors' honoraria, travel and meetings	46,869	53,392
Public relations	7,861	16,484
Retailer incentive	13,427	13,653
Sponsorship program	22,905	22,860
	91,062	106,389
Total Expenses	**558,891**	574,491
Excess of revenue over expenditures before Grants and Contributions	**1,886,166**	2,035,844
Grants and Contributions		
Application grants, projects	258,870	274,696
Application grants, travel	257,149	166,206
Application grants, major projects	244,983	266,212
Community Lottery Funding	386,053	382,797
Sponsorship program - top up	21,000	26,000
Unclaimed Grants	(115,934)	(60,968)
Government of Yukon - sport, arts & recreation funding (note 7)	652,037	618,299
Total Grants and Contributions	**1,704,158**	1,673,242
Excess (deficiency) of revenue over expenditures	**$ 182,008**	$ 362,602

Yukon Lottery Commission

Statement of Changes in Net Assets

For the year ended March 31,

	Unrestricted Net Assets	Invested in Capital Assets	Restricted for Working Capital	Restricted for Contingencies	Restricted for Major Projects	Restricted for Travel
Balance, beginning of year	$ (4,748)	$ 14,257	$ 100,000	$ 498,999	$ 325,528	$ 49,807
Excess (deficiency) of revenue over expenditures (note 5)	536,899	(3,695)	-	-	(286,941)	(145,964)
Transfers to Restricted	(399,579)	-	-	(26,391)	301,003	200,294
Balance, end of year	$ 132,572	$ 10,562	$ 100,000	$472,608	$ 339,590	$ 104,137

	Restricted for Breakopen	Restricted for Future Application Grants	2008 Total	2007 Total
Balance, beginning of year	$ 65,318	$ 194,247	**$1,243,408**	$881,106
Excess (deficiency) of revenue over expenditures (note 5)	81,709	-	**182,008**	362,602
Transfers to Restricted	(147,027)	71,998	**298**	-
Balance, end of year	$ -	$ 266,245	**$1,425,714**	$1,243,708

Yukon Lottery Commission

Balance Sheet

As at March 31,	2008	2007
Assets		
Current		
Cash	$ 2,380	$ 443
Funds held in trust (note 3)	2,575,194	2,275,233
Accounts receivable	384,148	530,517
Inventory	4,758	6,855
Prepaid expenses	6,509	9,214
	2,972,989	2,822,062
Restricted funds held in trust (notes 3 and 4)	-	65,318
Capital assets (note 5)	**10,561**	14,256
	$ 2,983,550	$ 2,901,636
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 144,406	$ 198,766
Committed grants	1,413,430	1,459,162
	1,557,836	1,657,928
Commitments (note 7)		
Net Assets		
Net assets invested in capital assets	**10,562**	14,257
Net assets restricted for working capital	**100,000**	100,000
Net assets restricted for contingencies	**472,603**	498,999
Net assets restricted for major projects	**339,590**	325,828
Net assets restricted for travel	**104,137**	49,807
Net assets restricted for breakopen	-	65,318
Net assets restricted for future grants	**266,245**	194,247
Unrestricted	**132,572**	(4,748)
	1,425,714	1,243,708
	$ 2,983,550	$ 2,901,636

Approved by the Commission

Melanie Hudson, Chair

, Member

Yukon Lottery Commission

Statement of Cash Flows

For the year ended March 31,	2008	2007
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures	$ 182,008	$ 362,602
Item not affecting cash		
Amortization	3,696	5,256
Changes in non-cash operating capital		
Accounts receivable	146,369	(90,949)
Prepaid expenses	2,705	(5,055)
Inventory	1,897	1,418
Accounts payable and accrued liabilities	(54,363)	27,695
Committed grants	(45,732)	(302,284)
	236,580	(1,317)
Increase (decrease) in cash	**236,580**	(1,317)
Cash, beginning of year	**2,340,994**	2,342,311
Cash, end of year	**$ 2,577,574**	$ 2,340,994
Represented by:		
Cash	$ 2,380	$ 443
Funds held in trust	2,575,194	2,275,233
Restricted funds held in trust	-	65,318
	$ 2,577,574	$ 2,340,994

Yukon Lottery Commission

Notes to Financial Statements

March 31, 2008

1. Significant Accounting Policies

The commission was created under the provisions of the Public Lotteries Act of the Yukon and is responsible for the conduct and management of public lotteries in the Yukon, including the distribution and administration of funds received from government sanctioned lotteries. The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Capital assets
Capital assets are recorded at original cost less accumulated amortization. Amortization is calculated by the declining balance method over the estimated useful life of the capital assets at the rates set out in note 5.

(b) Inventory
The inventory of promotional items is valued at the lower of cost and replacement cost.

(c) Grants and contributions
Grants are treated as expenditures at the time the grants are approved by the Commission. All unpaid, but approved grants, are included as committed grants. Approved grants which are not claimed within the required time frame are reversed as unclaimed grants.

(d) Financial instruments
All significant financial assets, financial liabilities and equity instruments of the commission are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk.

(e) Restricted net assets
Restricted net assets are created when designated as restricted by the Yukon Lottery Commission. The restricted net assets represent segregation of funds by the Yukon Lottery Commission for certain specified expenditures. Such funds may be supplemented by a transfer from general operating funds.

(f) Deferred method
The commission follows the deferred method of accounting for grants and contributions.

(g) Measurement of uncertainty
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from those estimates.

2 Future Impacts of Recently Issued Standards

Accounting Changes

Effective April 1, 2007, the Commission implemented the new CICA Handbook Section 1506 "accounting changes". Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of change in accounting policies, estimates and error on the financial statements.

These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued that the Commission has not adopted because they are not yet effective.

Yukon Lottery Commission

Notes to Financial Statements

March 31, 2008

The impact of the adoption of this Section on the Commission's financial statements will depend on the nature of future accounting changes.

Capital disclosures

In December 2006, the CICA issued Handbook section 1535 "Capital disclosures" which is effective for years beginning on or after October 1, 2007. The section specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with an capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new Section relates to disclosures and will not have an impact on the Commission's financial results.

Inventories

In October 2007, the CICA issued Handbook Section 3031 "inventories". This section, which is effective for year ends beginning on or after January 1, 2008, provides more guidance on the measurement and disclosure requirements for inventories. The Commission is currently evaluating the impact of the adoption of this new section on its financial statements.

Financial Instruments

In January 2005, the CICA issued Handbook Section 3855, "Financial instruments – Recognition and Measurement" and Section 3861, "Financial Instruments – Disclosure and Presentation." Both sections apply to interim and annual financial statements for fiscal periods beginning on or after October 1, 2007 for non-publicly accountable enterprises. In addition in December 2006, the CICA issued Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation" to replace Section 3861. These sections apply to interim and annual financial statements for fiscal periods beginning on or after October 1, 2007. The Commission will not adopt Section 3861 and will adopt Sections 3862 and 3863.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Section 3862 establishes standards for disclosures about financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. These sections apply to interim and annual financial statements for fiscal periods beginning on or after October 1, 2007 for non-publicly accountable enterprises and will be adopted by the Company on April 1, 2008. Transitional provisions are complex and vary based on the type of financial instruments under the consideration. The effect on the Commission's financial statements is not expected to be material.

3. Funds Held in Trust

All general funds of the commission are held in trust for the Commission by the Government of Yukon.

4. Restricted Net Assets

In conjunction with the net assets restricted for Canada Winter Games, $nil (2007 - $65,318) of funds held in trust are restricted for future expenditures.

The Commission has internally restricted net assets of $1,293,142 (2007- $1,248,455) to provide for contingencies, an even level of funding, travel, future major projects, future grants. These internally restricted amounts are not available for other purposes without approval of the Commission members.

Yukon Lottery Commission

Notes to Financial Statements

March 31, 2008

7. Commitments (continued)

The commission has commitments to sponsorship grants totalling $31,000 to the following organizations:

Kluane Chilkat Bike Relay Association:	$10,000 for 2008/2009
Silver Sled Race Committee:	$ 6,000 for 2008/2009
Yukon Quest International Dog Sled Race:	$15,000 for 2008/2009

8. Committed to Yukon Government

	2008	2007
Excess of revenue over expenditures before grants and contributions	$ 1,886,166	$ 2,035,844
Less: Break-open revenues	(81,418)	(111,858)
	1,804,748	1,923,986
Change in Contingency Reserve (prior year less current year)	26,390	(136,166)
Transfer to Major Projects (20% of revenue excluding breakopens)	(472,728)	(499,695)
Total available for grants	1,358,410	1,288,125
Less: Available for Applicant Grants (52%)	(706,373)	(669,826)
Available for YRAC top up	**$ 652,037**	$ 618,299
Available for Sport and Recreation Branch (at 62% of YRAC top up)	$ 404,263	$ 383,345
Available for Arts Branch (at 38% of YRAC top up)	247,774	234,954
Total allocated to Government of Yukon	**$ 652,037**	$ 618,299

Yukon Lottery Commission

Schedule 1 - Break-open Tickets

For the year ended March 31,	2008	2007
Revenue		
Commission - Break-open tickets	**$ 133,361**	$ 165,135
Expenditures		
Advertising and promotion	918	922
Amortization	295	413
Computer	11	12
Community tour	-	11
Directors' honoraria, travel and meetings	4,287	4,998
First Ministers Conference	-	856
Insurance	141	144
Leased equipment	359	364
Miscellaneous	68	32
Office supplies	1,328	1,318
Postage and freight	656	786
Professional fees	799	922
Public relations	720	1,411
Rent	3,832	3,595
Retail	839	-
Retailer incentive	1,701	1,416
Sponsorship	2,095	2,140
Telephone	734	780
Training	163	15
Travel	267	580
Wages and benefits	32,730	32,562
	51,943	53,277
Excess of revenue over expenditures	**$ 81,418**	$ 111,858

LOTTERIES
YUKON